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Revisiting the Rise and Decline of Authoritarian Neoliberalism: A Political Economy Analysis of Akp's Initial Decade

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Abstract

This paper offers a fresh and nuanced perspective by re-examining the concept of authoritarian neoliberalism in the context of the first decade of the AKP's rule in Turkey. The study addresses two main research questions: Firstly, it explores the factors that transformed the 2000s, often seen as a period of democratization, into an era of authoritarianism. Secondly, it investigates how the AKP effectively established an authoritarian neoliberal state during this time. To tackle these questions, the paper argues that the AKP's authoritarian neoliberal project rests on two key pillars. The first pillar involves creating a depoliticized technocratic state structure that allows for the implementation of policies aligning with the interests of the dominant capital faction. The second element involves weakening labor opposition, which plays a crucial role in shaping the authoritarian neoliberal state. The paper suggests that the waning influence of the labor movement played a central role in driving the shift toward authoritarianism in the 2000s, granting the government more flexibility in shaping policies. This paper enhances our understanding of the political and economic transformation in Turkey during this significant period, shedding light on the development of the authoritarian neoliberal state and its crisis after 2013.

1. Introduction

The Justice and Development Party (*Adalet ve Kalkınma Partisi*, hereafter AKP) has emerged as one of the most successful parties in Turkey's politics, demonstrating considerable influence over the country's political landscape. In the year 2002, the AKP embarked on a bold mission, challenging the conventional Kemalist state apparatus of Turkey under the banners of democratization and civilianization.¹ Simultaneously, the party undertook a comprehensive neoliberal economic transformation, aimed at completing the unfinished job of the 1980's military junta and diminishing the labour's economic and political power. The initial years of the AKP's rule, particularly spanning from 2002 to 2013, bore witness to a profound neoliberal reforms, which unfolded in tandem with the restructuring of the state and the establishment of a new technocratic institutions.²

The mainstream political science literature in Turkey has often regarded this period as one characterized by democratic developments.³ In the same vein, the negotiation process on Turkey's accession to the European Union (EU) was perceived as both an anchoring force and a catalyst for democratization and civilianization, while the concurrent implementation of International Monetary Fund (IMF) programme furnished a substantive economic blueprint and an additional stabilizing influence in Turkish politics. In dissent from the prevailing mainstream approaches, I posit that this dual anchor system significantly moulded the trajectory that culminated in the consolidation of authoritarian neoliberalism during the initial decade of AKP rule in Turkey. Indeed, in contrast to the prevailing body of literature, directing our attention to the AKP's formative decade is crucial for uncovering the principal dynamics that have paved the way for subsequent authoritarianization in the last ten years.

If the first decade of the AKP is not considered a period of democratization, the key questions that arise are: what transformed the 2000s, which are often labelled as a period of democratization, into an era of authoritarianization, and how did the AKP successfully construct an authoritarian neoliberal state during this timeframe? To provide comprehensive responses to these research questions, I initially delved into the literature on authoritarian neoliberalism; and second, I explained Turkey's transition to neoliberalism in the 1980s, the pause in neoliberal reforms in the 1990s with the resurgent labour movement, and the AKP's establishment of a new technocratic state structure in the 2000s to complete the market reforms.

Considering these aspects, I present two interconnected arguments in this paper. First, the military junta's endeavour to establish an authoritarian neoliberal state in the 1980s found its culmination in the early 2000s with the AKP. One might wonder why it took two decades to realize the 1980 transformation's goal of diminishing the organizational, economic, and political influence of labour. The answer lies in the labour movement's resurgence towards the end of the 1980s and its ability to halt major privatizations in the 1990s. Thus, the political turbulence of the 1990s can be viewed as a crisis of the hegemony of the neoliberal transformation initiated in 1980. Consequently, the AKP's establishment of authoritarian neoliberalism in the 2000s served as a remedy for the crisis of hegemony in the 1990s.

The second argument can be summarized as follows: The exclusion of the labour movement from the political landscape in the 2000s paved the way for the subsequent implementation of a more comprehensive authoritarian agenda by the political elite in the years that followed. This can be attributed to two primary factors. First, with the waning influence of the labour movement, opposition parties faced diminished pressure, leading them to adopt less confrontational strategies against the AKP. Second, the decreased political significance of labour opposition afforded the government greater flexibility in shaping policies. Consequently, the government was able to enact both conventional neoliberal measures and unorthodox developmentalist approaches with fewer significant challenges.

The remainder of the paper is devoted to unpacking these arguments. I elaborate on the evolution of the concept of authoritarian neoliberalism and assess its relevance in comprehending Turkey's political economy in the second section. Third section offers a concise historical backdrop spanning from 1980 to 2001, elucidating how the AKP's

reforms represent the culmination of earlier neoliberal initiatives. In the fourth section, I elucidate the establishment of a technocratic state structure and the erosion of labour's economic and political power as the two fundamental prerequisites for shaping an authoritarian neoliberal state during the AKP's first decade in power. The concluding section will summarize the key arguments and bring the paper to a close.

2. Revisiting authoritarian neoliberalism: a conceptual appraisal

The term authoritarian neoliberalism was initially coined to describe the mainstream policy responses of the European institutions to the 2008 crisis. It was primarily used to characterize the imposition of austerity programmes, particularly in Southern European nations, in a manner that contravened the preferences of their democratically elected governments. The concept of authoritarian neoliberalism, as formulated by Bruff,⁴ was built upon the foundation of N. Poulantzas' concept of authoritarian statism. Poulantzas⁵ employs authoritarian statism to characterize the prevailing trend in the late 1970s in advanced capitalist countries, which involved a decrease in democratic practices, and an augmentation of executive authority over legislative. He defines the authoritarian statism as "intensified state control over every sphere of socio-economic life combined with radical decline of the institutions of political democracy and with draconian and multi-form curtailment of so-called 'formal' liberties'".⁶ Jessop⁷ (1985, 98) briefly outlined the key characteristics of this emerging trend as follows:

- A transfer of authority from the legislative body to the executive, resulting in the concentration of power in the latter.
- An accelerated convergence of the three branches of government—the legislature, executive, and judiciary—alongside a erosion of the rule of law.
- A diminishing role for political parties as the primary channels for political engagement with the government and as the predominant forces in shaping influence.
- The emergence of parallel power networks that intersect with the formal state structure, exerting substantial influence on various state functions.

Similarly, Panitch⁸ also emphasized that the shift in state restructuring has leaned towards the introduction of more authoritarian forms, marked by 'the domination of the executive arm of the state over the legislature'. As the capitalist state undergoes a transformation towards more authoritarian modes during periods of crisis, the prominence of technocratic institutions within the state machinery experiences a notable elevation. This manifests in the execution of critical policies, including monetary policy, in a manner that effectively insulates them from societal pressures, with a paramount emphasis on shielding these policies from potential opposition originating, most significantly, from organized labour.⁹

Therefore, scholars who employ the authoritarian neoliberalism concept to elucidate the contemporary manifestations of increasing authoritarianism ascertain that the summarized characteristics of authoritarian statism remain applicable.¹⁰ The core of the authoritarian neoliberalism argument rests on the claim that there has been a noticeable increase in the power of the executive branch compared to legislative functions within the state, along with a growing significance of

unelected bodies within the executive branch. This, in turn, necessitates the depoliticization of economic governance, technicalization of decision-making alongside a concomitant process of institutional reconfiguration.¹¹ Consequently, one of the pivotal attributes of this concept is the amplification of influence exercised by unelected state apparatuses, most notably technocratic institutions such as central banks and independent regulatory agencies. Bruff¹² contends that authoritarianism should be comprehended not solely as an employment of raw coercive power but as a restructuring of the state that seeks to shield specific policies and institutional practices from social and political opposition. Authoritarian neoliberalism, thus, aims to both discipline, marginalize, and criminalize oppositional forces while simultaneously limiting the avenues for contesting neoliberal policies.¹³ Hence, authoritarian neoliberalism serves as a framework that highlights the growing tendency towards authoritarianism in times of capitalist crises,¹⁴ with a deliberate focus on diminishing the organizational, economic, and political power of labour. Put another way, it 'deepens the isolation effect in labour relations by further individualizing labour laws and weakening collective bargaining processes and institutions'.¹⁵

In the past decade, the literature on the authoritarian neoliberalism has considerably matured through the inclusion of diverse case studies including studies on Malaysia,¹⁶ India,¹⁷ Southeast Asia,¹⁸ various African countries,¹⁹ Jordan and Morocco,²⁰ Mexico,²¹ Brazil,²² Portugal,²³ and Turkey.²⁴ Recently, Gallo²⁵ has argued that authoritarian neoliberalism extends beyond the technocratic variant, encompassing two additional forms: populist nationalism and traditional authoritarianism. In line with Altinors and Akçay's suggestion,²⁶ I concur with the notion that some adjustments are required when applying the concept of authoritarian neoliberalism to the Global South. This is essential because the fundamental attributes of the authoritarian neoliberalism concept have been in effect since the 1980s, during the initiation of neoliberal transitions in the Global South.

Turkey's adoption of neoliberal policies was characterized by the imposition of authoritarian measures in the aftermath of the military coup, which aimed to suppress a vibrant labour movement.²⁷ As highlighted by Taylor,²⁸ Turkey was one among several Global South countries that experienced a rise in authoritarianism as they transitioned into the neoliberal era. The rise of the authoritarian neoliberal state in Turkey is inherently intertwined with the structural crisis of capitalism that prevailed in the late 1970s, as well as the strategies pursued by domestic capital groups to address this crisis through internationalization.²⁹ This course of action not only necessitated adaptations to the country's growth model but also compelled a substantial reconfiguration of the state apparatus.³⁰ The authoritarian neoliberal project faced obstacles during the 1990s, primarily due to the resurgence of labour and other social movements. However, it was eventually fully realized during the 2000s. In short, although the authoritarian neoliberalism concept was developed to explain the main political economy dynamics of the post-2008 Europe, it may still be useful in a broader sense to explain transition processes to the neoliberalism. If we expend the implications of this concept to unpack the main dynamics of the neoliberal transitions and implementations of the market reforms, then we may uncover the main determinants of democratization or authoritarianization.

3. Turkey's transition to neoliberalism: a bumpy road

The chief characteristic of the 1980 transformation programme resided in its endeavour to recalibrate Turkey's growth model, transitioning from import-substituted industrialization (ISI) to an export-led model (ELI).³¹ It is essential to recognize that this transformation, rather than being unique to Turkey, was part of a broader global trend, reflecting a shift towards neoliberal policies. These policies were formulated in response to the economic crises of the 1970s, with a pronounced focus on safeguarding the interests of capitalists. Numerous developing nations, which had previously followed to the ISI strategy between 1945 and 1980, found themselves grappling with balance of payments issues. In response to these challenges, they were directed by Bretton Woods institutions to implement multifaceted programmes. These programmes encompassed the retrenchment of state involvement, privatization initiatives, liberalization of foreign trade, the dismantling of price controls, and the increasing of labour market flexibility.³² This comprehensive set of measures is often referred to as the Washington Consensus policies.³³

However, it's crucial to highlight that the 1980 transformation was not solely shaped by international institutions. The domestic bourgeoisie, notably the influential Turkish Industrialists and Businessmen's Association (TIBA), played a pivotal role. They actively pushed for changes in the growth model and more liberalization. To understand TIBA's motivations, we should examine two key factors behind the crisis of the ISI strategy: (i) balance of payments issues and (ii) market saturation. First, in the Turkish context, the trade deficit stemmed from a lack of incentive structure within the ISI framework to drive the domestic bourgeoisie towards increased productivity, revised investment strategies, and a shift towards export-oriented markets.³⁴ This uncompetitive market structure was not primarily caused by an overbearing state intervention but rather by the domestic bourgeoisie's resistance to state's disciplinary planning efforts, leading them to capitalize on uncontested domestic market opportunities from 1960 to 1980.³⁵ Second, the crisis of the ISI model was linked to market saturation, following Hirschman's explanation.³⁶ By 1980, certain sectors in Turkey had already exceeded their production capacities due to the lack of market expansion and product diversification.³⁷

Hence, the economic crisis played a central role in prompting a shift in the economic model for two key reasons. Firstly, the business class saw economic liberalization as the sole solution due to a scarcity of foreign currency affecting various industries.³⁸ Secondly, these conditions elevated the influence of the business class, granting them the chance to mould economic policies in their favour. During the crisis, TIBA launched a potent media campaign, pressuring the centre-left Republican People's Party (RPP) government. TIBA's goal was to push the government to adopt an export-focused economic growth model or resign from office.³⁹ This pressure led to the resignation of the RPP government and the subsequent rise of a right-wing Justice Party (JP) administration. The incoming government vowed to alter the economic model, which materialized through the programme known as the January 24 Resolutions of 1980. However, its full execution became feasible after the military intervention on 12 September 1980.⁴⁰

Powerful business groups viewed economic liberalization as the key to escaping the crisis, but it posed risks, including heightened international competition. To address this, business owners shifted the burden onto the working class, aiming to weaken labour

unions. After the military intervention, unions were banned, negotiations and strikes halted, union leaders imprisoned, and labour movements faced new constraints.⁴¹ This military regime solidified the bourgeoisie's political power and curtailed civil rights through a new constitution. Hence, the core objective of the neoliberal transition was to diminish the working class's influence. As a testament to the impact of this transformation, Boratav⁴² presents data indicating a substantial 52.1 percent decline in real wages between the 1970s, when they peaked, and 1985. Additionally, even though real wages saw a 25 percent reduction from 1980 to 1988, the actual profits of Turkey's largest corporations nearly doubled.⁴³ Therefore, I contend that the 1980 transformation programme, designed in response to the demands of the domestic business community, was primarily geared towards disciplining the working class by shifting the pressures of international competition onto labour. Besides repressing labour movements, there was a significant devaluation of the national currency to incentivize exports.⁴⁴ Tax incentives and credit policies were strategically employed to enhance the profitability of exports for the domestic business community.⁴⁵ Furthermore, as part of the new strategy, import restrictions were gradually eased.⁴⁶

Furthermore, a pivotal aspect of the transition to neoliberalism involved the restructuring of the state apparatus, serving as a vital precondition for implementing neoliberal policies. State restructuring encompassed two primary dimensions. First, in order to dismantle the state structure that had been configured to align with the requirements of the ISI regime, the institutional and administrative authority of the State Planning Organization (SPO), which had formerly played a central role in ISI policies within the bureaucracy, was reduced.⁴⁷ Instead, all economic management was restructured and centralized under the Prime Ministry from 1980 to 1983.⁴⁸ Second, concurrent with the introduction of a new constitution during the military rule, the executive branch was strengthened, solidifying its supremacy over the legislative branch.⁴⁹

The consequences of these alterations were quite remarkable, as exports saw a substantial surge, with a more significant emphasis on manufacturing during the 1980s.⁵⁰ Although industries linked to ISI era were widely regarded as the 'primary sources of distortion in the Turkish economy' by proponents of adjustment policies, the rapid expansion of exports hinged on the reorientation of these traditional sectors.⁵¹ This transformation garnered generous support from multilateral institutions.⁵² Nonetheless, towards the second part of the 1980s, the economic situation began to deteriorate, primarily marked by escalating inflation and a mounting public debt.

The 1989 Financial liberalization act represented not only a continuation of the 1980 stability programme but also another pivotal step towards Turkey's integration into global financial markets. This deregulation facilitated the full convertibility of the Turkish Lira and opened Turkey to short-term portfolio investments.⁵³ Throughout the 1990s, the imperative to finance the escalating public debt led to the establishment of a novel accumulation path for Turkey's major business conglomerates. The banking system took on a central role as the key intermediary for public debt financing, securing funds not only from the Central Bank but also from international money markets. In essence, the private banking sector positioned itself as the linchpin of these debt flows.⁵⁴ Through this system, the banking sector played a pivotal role by borrowing from both the Central Bank and international money markets, subsequently extending loans to the Treasury while capitalizing on interest rate differentials. In simpler terms, public debt

served as a means for channelling public resources to capitalists who possessed banking assets.⁵⁵

Despite persistent efforts to suppress the labour movement throughout the 1980s, a resurgent working class movement made a noteworthy reappearance in 1989, buoyed by a significant increase in real wages following the military intervention. Orchestrated by trade unions, the Spring Movement featured massive demonstrations and resulted in a nearly 200 percent surge in real wages between 1989 and 1991.⁵⁶ This development underlined the notion that the limits of conventional stabilization, which relied on price competitiveness and surplus extraction through wage suppression, seemed to have been pushed to their limits.⁵⁷ Consequently, this initial phase of stabilization and structural adjustment culminated with the 1989 Spring Movements. The 1990s bore witness to a resurgence of social movements that actively contested the authoritarian neoliberal state initially sought in the 1980s. During the 1990s, the labour movement successfully prevented the implementation of extensive privatization initiatives, secured real wage increases despite high inflation, and played a pivotal role in shaping the discourse of opposition parties, particularly in their resistance to IMF-endorsed austerity programmes.⁵⁸ Therefore, the labour movement, in conjunction with other opposition forces, constituted a significant challenge to the establishment of the neoliberal authoritarian state in the 1990s. The comprehensive implementation of neoliberal market reforms faced delays due to this political instability. The 1990s witnessed the formation of 11 different governments, a situation induced by the presence of a robust labour movement and recurring economic crises. These factors collectively contributed to the complete breakdown of Turkey's mainstream political establishment.⁵⁹ Consequently, the AKP assumed power as an 'outsider' following the 2002 elections.

4. 2001 economic crisis and the establishment of authoritarian neoliberalism

The 2000s were profoundly influenced by the 2001 crisis, which stands as one of Turkey's most severe economic crises, and the corresponding policy measures enacted in response. The policy response to this crisis was primarily orchestrated through the IMF stability programme, which encompassed a comprehensive institutional overhaul of the state. One of the salient characteristics of the Transition of the Strong Economy, devised as a crisis exit strategy, was the deliberate separation of economic and political spheres. In this context, Kemal Derviş, a principal architect of this reform programme and former Vice President of the World Bank, who was appointed as a minister in Turkey following the 2001 crisis, communicated that 'politics has exerted significant influence on economics in Turkey. We must disentangle economics from politics. . . The practice of politics impinging on economic matters must cease'.⁶⁰

Consequently, driven by the fundamental tenet of depoliticizing economic governance, the AKP government established a new technocratic state apparatus through three pivotal institutional restructuring measures: (i) securing central bank independence, (ii) founding independent regulatory agencies, and (iii) forming a Coordination Council for the Improvement of the Investment Environment (CCIIE). In tandem with these institutional reforms, the implementation of new labour laws constituted another critical stride

in the establishment of the authoritarian neoliberal state. These laws and regulations facilitated an institutional framework conducive to the internationalization of domestic capital and paved the way for Turkey's integration into the global financialization trend in the 2000s.

The legislation that secured central bank independence marked the most pivotal regulation of the post-2001 era.⁶¹ Its primary objective was to sever the financial ties between the Central Bank and the Treasury, a connection widely recognized as a significant contributor to high inflation in the economy. Another vital aspect of this legislation is its impact on the banking sector. It effectively redirected the sector to resume its primary role of financing households and various industries, as opposed to primarily funding state debt. With its newfound independence, the central bank transformed the traditional decision-making process, effectively eliminating political intervention from the formulation and execution of monetary policy. This serves as a pivotal facet of the depoliticization of economic governance in the establishment of the authoritarian neoliberal state.⁶² The conservative monetary policy enforced by the independent central bank contributed to shaping an economic environment where growth and international competitiveness were bolstered through increased productivity, eliminating the need for currency devaluation as a competition strategy. In other words, the depreciation of currency for the sake of competitiveness was no longer considered necessary. Finally, in alignment with its autonomous status, the central bank emerged as one of the most critical specialized economic institutions.

The establishment of Independent Regulatory Agencies (IRAs) can be viewed as another pivotal step in the development of the authoritarian neoliberal state. These IRAs were introduced as a fundamental component of the Transition to the Strong Economy programme and were an integral part of Kemal Dervis' initiative to swiftly pass '15 laws in 15 days' through Turkey's parliament in 2001. In other words, this move was a vital aspect of Turkey's 'shock therapy' programme. Following these adjustments, various critical sectors, including banking, telecommunications, energy, and various sub-sectors within agriculture, came under the regulation of the newly established IRAs.⁶³ The primary purpose of these institutions was to remove political influence from the management of these pivotal economic sectors.⁶⁴ However, the IRAs saw a resurgence of political involvement in response to the crisis of authoritarian neoliberalism in the 2010s.⁶⁵

The establishment of the CCIIE represents another significant feature of the authoritarian neoliberal state structure. The creation of the Coordination Council was contingent on the comprehensive reform programme initiated by the Prime Ministry following the 2001 crisis, known as the 'Reform Program for the Improvement of the Investment Climate in Turkey'. The primary objective of this programme was to enhance the competitiveness of the Turkish economy by removing impediments in the business environment and elevating industrial productivity.⁶⁶ What is noteworthy about the components of the CCIIE is that it serves as a broad platform for bringing together the highest-ranking state bureaucracy and various segments of capital, including key economic officials. The council includes business organizations such as The Union of Chambers and Commodity Exchanges of Turkey, Turkish Exporters Association, TIBA, and the International Investors Association. Another noteworthy aspect of the CCIIE is that it played a pivotal role in the initial negotiation and preparation of key

legislative arrangements aimed at improving the competitive structure of the economy. The process was concluded prior to the enactment of the actual legislation. Thus, the CCIIE has effectively amalgamated both legislative and executive functions, establishing itself as the principal decision-making body and a vital specialized economic entity within the new authoritarian neoliberal state structure.

Following the establishment of this depoliticized state structure, the authoritarian nature of neoliberal policies assumed a more pronounced character. This form of authoritarianism is chiefly characterized by its exclusion of the broader population from the decision-making processes, effectively insulating political spheres from any form of societal influence other than that exerted by major capitalists.⁶⁷ Reducing the bargaining power of labour has been another dimension of this authoritarian neoliberal state-building endeavour.⁶⁸ A prominent characteristic of the 2003 law lies in its endorsement of flexible, part-time work arrangements and subcontracting relationships.⁶⁹ Consequently, labour relations were transformed in line with the imperatives of the new phase of market reforms, the prerequisites for establishment of the authoritarian neoliberal state. This new regulation notably augmented the 'individual capitalist's ability to exercise control over labour power in the workplace',⁷⁰ effectively eroding the potential organizational foundations of the working class by imposing market discipline on its members.⁷¹ The new Labour Law served as both the legal and material foundation for the increased flexibility in working conditions and simplified procedures for hiring and firing.⁷² This novel labour framework, primarily intended to diminish labour's bargaining power, was executed in conjunction with a central bank inflation targeting system that established the monetary framework for a policy of low wages.

In addition to the alterations in Labor Law, another measure aimed at exerting control over the working class was privatization. The privatization of State-Owned Enterprises (SOEs) had a detrimental impact on the labour movement in two distinct ways. First, it directly weakened the influence of unions and dismantled the most organized segments of the working class, leaving them permanently diminished. Second, the affordable products and services that were formerly generated by SOEs became pricier following privatization. Goods and services that were once supplied by the public sector were now subject to market pricing. Consequently, this imposed additional financial burdens on workers' budgets.⁷³ Changes in labour law and privatization, coupled with deteriorating working conditions and high unemployment rates, have dramatically eroded the organizational capacity of the working class: trade union density in Turkey plummeted from 29.1% in 2001 to 6.3% in 2015.⁷⁴ These factors have compelled workers to increasingly resort to borrowing to maintain their consumption patterns, especially in an environment where real wage increases are limited.⁷⁵ The significant rise in household indebtedness, from 1.8% of GDP in 2002 to 19.5% of GDP in 2013, has created additional financial and political pressures on workers, making any form of resistance more costly.⁷⁶

Both pillars of authoritarian neoliberalism, state restructuring and labour suppression, emerged based on the domestic demand-led growth model driven by capital inflows between 2002 and 2013.⁷⁷ Due to the adherence to fiscal discipline, the maintenance of high positive real interest rates through the IMF programme, and the appreciation of the Turkish Lira (TL), inflation was effectively controlled. Moreover, during the expansionary phases of global financial cycles, the required positive real interest rate to attract capital to the country gradually decreased. Consequently, as long as capital inflows

persisted, inflation was reduced, and interest rates followed suit. In essence, this effective combination of an overvalued Turkish lira and relatively low interest rates was made possible through capital inflows.⁷⁸ The most pressing issues with the growth model reliant on an overvalued TL included increasing average unemployment, a deteriorating production structure in the manufacturing industry and agriculture, persistently high current account deficits, and a growing dependency on capital inflows for economic growth.⁷⁹ The social inclusion of marginalized populations through the introduction of a limited welfare system, along with financial inclusion through widespread financialization, served as a dual compensatory mechanism during this era.⁸⁰ The year 2013 marked a distinct turning point in Turkey's political economy.⁸¹ Following the Federal Reserve's announcement of monetary tightening measures, growth models reliant on capital inflows and debt for countries like Turkey began to falter. Consequently, the material basis of Turkey's dependent financialization, characterized by the sustained influx of capital, began to erode.⁸²

In short, when the authoritarian neoliberal state grappled with the structural challenges of Turkey's capitalism in the 2010s, the result was not democratization but a transformation in the nature of authoritarianism.⁸³ As Tansel⁸⁴ argued, rather than treating the AKP period as two distinct and conflicting phases, one marked by democratization and the other by authoritarianism, these periods should be viewed as part of a continuum. In this way, the 'authoritarian' measures observed during the later rule of AKP can be traced back to the context of its earlier 'democratic' phase. In other words, it evolved from a technocratic model to a populist one, characterized by a nationalist-conservative reaction to the crisis of authoritarian neoliberalism. The power bloc was able to opt for an authoritarian approach during the critical period in the 2010s, primarily because the labour movement, a significant mobilizing force, had been effectively marginalized in the early 2000s.

5. Conclusion

This paper offers a fresh perspective by revisiting the concept of authoritarian neoliberalism to analyse the first decade of the AKP rule. This approach differentiates from both mainstream political science and critical political economy literatures, aiming to provide a more calibrated lens for understanding the complex dynamics of both democratization and authoritarianization. In this re-examination, it becomes evident that a more nuanced version of authoritarian neoliberalism serves as a comprehensive analytical framework for unravelling the key forces at play. Two fundamental pillars stand out: the establishment of a depoliticized technocratic state structure that offers a secure space for implementing policies aligned with the dominant fraction of capital, and the simultaneous removal of labour opposition. However, creating such a state structure is no straightforward task for capitalists and the political class. This complexity accounts for why it took over two decades to materialize in the Turkish context.

Turkey's economic programme in 1980 marked a deliberate shift in the country's growth model, guided by the domestic bourgeoisie and influenced by the recommendations of Bretton Woods institutions. This shift was the initial step in constructing an authoritarian neoliberal state in Turkey. Despite the military regime's implementation of severe measures, the labour movement staged a resurgence and successfully halted

extensive privatization initiatives, a critical element of the neoliberal agenda. Consequently, the authoritarian neoliberal project remained incomplete in the 1990s, a decade marked by political instability and crises.

It was only in the AKP era, following the 2001 crisis, that the process of establishing an authoritarian neoliberal state accelerated. This period witnessed the relatively successful execution of a rigorous stabilization and structural adjustment programme. Simultaneously, economic restructuring triggered a profound reorganization of the state apparatus. In short, the post-2001 period in Turkey is characterized by the continued subordination of labour and real wages, a defining feature of authoritarian neoliberal state policies since 1980. This subordination was accompanied by the technicalization and depoliticization of state structures, establishing closely interwoven relationships between dominant segments of the bourgeoisie and state bureaucracy under the leadership of the political elite.

Thus, the paper suggests that the beginning of the current endeavour to consolidate authoritarian power traces its origins to the early 2000s when the AKP government effectively neutralized the labour movement, a principal driver of social mobilization. This accomplishment was achieved through the proficient execution of post-Washington Consensus policies, involving the establishment of a technocratic government apparatus that encompassed central bank independence, the establishment of new independent regulatory agencies, and the wide-scale privatizations. The process of state restructuring, in essence, aims to politically and economically marginalize the working class by employing methods of technicalization and depoliticization in the development and execution of economic policies. Consequently, the emergence of the authoritarian neoliberal state aligns with the establishment of a technocratic style of governance and a constricted political arena. In conclusion, the paper contends that when the authoritarian neoliberal state confronted the structural crisis of Turkey's capitalism, encompassing both the crisis of state and the crisis of capital accumulation model in the 2010s, the government had greater flexibility due to the effective removal of the remaining labour movement in the 2000s.

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